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Canada Pension Plan Benefits about the Child Rearing Drop-out Provision (CRDO)

Canada Pension Plan (CPP) provides basic benefits for you when you become disabled, or upon your death. The benefit from your Canada Pension Plan is based on how long and how much you have contributed to the CPP over the years. If your earnings were low, the result is a benefit that is less than if you had made full contributions throughout your lifetime. The CPP has provisions built into the Plan to increase your benefit for periods of reduced earnings. One of them is called the child rearing drop-out provision."

Were your children born after December 31, 1958?

If you left the paid labour force to reduce your participation in the labour force for a child, you may be eligible to have a child rearing drop-out provision (CRDO) applied to your CPP account.

What is a child rearing drop-out provision?

If you had low or zero earnings spent on caring for a child under the age of seven

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How does a CRDO work?

The following example shows how the child rearing drop-out works:

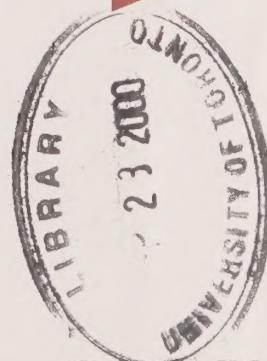
Jennifer was employed outside of the home until her daughter, Elizabeth, was born in 1983. Jennifer then stayed at home until Elizabeth started school in 1989. The CRDO drops out the period from 1983 to 1989. When Jennifer's application for a retirement pension is approved, she discovers that with the CRDO, her retirement pension will be \$735 per month. Without the benefit of the CRDO, Jennifer's retirement pension would only have been \$650 per month.

4

Are there any eligibility requirements to qualify for the CRDO?

The CRDO provision applies for any month when:

- you or your spouse received Family Allowances or if you were eligible for the Child Tax Benefit (even if you did not receive a benefit)
- you had reduced earnings because you stayed home or reduced your participation in the paid labour force to be the primary caregiver of a child under the age of seven and born after December 31, 1958.



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Canada Pension Plan

Facts about the Child Rearing Drop-out Provision (CRDO)

The Canada Pension Plan (CPP) provides basic benefits for you when you retire, if you become disabled, or to your estate upon your death. The amount of your Canada Pension Plan (CPP) benefit is based on how long and how much you have contributed to the CPP. Periods of time in which you had no earnings or your earnings were low, normally result in a benefit that is less than if you made full contributions throughout your lifetime. The CPP has several provisions built into the Plan to protect your benefit for periods of low earnings. One of them is called the "child rearing drop-out provision."

1 *Were your children born after December 31, 1958?*

If so, and if you left the paid labour force or reduced your participation in it to care for a child, you may be eligible to have a child rearing drop-out (CRDO) provision applied to your account.

2 *What is a child rearing drop-out provision?*

Months of low or zero earnings spent caring for a child under the age of seven may be excluded from the calculation of your pension. This ensures that reduced earnings during the first seven years of your child's life will not result in lower future pension benefits.

3

How does a CRDO work?

The following example shows how the child rearing drop-out works:

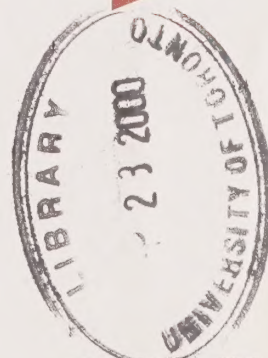
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Either spouse can apply for the CRDO but it cannot be used by both spouses for the same period of time.

5

Why should you apply for the CRDO provision?

The CRDO does not automatically entitle you to a CPP benefit, you still must meet all of the eligibility requirements to receive any CPP benefit. But the CRDO will increase the amount of your monthly CPP benefit by reducing your contributory period. It could also help you meet the contributory requirements for a disability pension. In addition, in the event of your death, it could provide benefits to your estate and survivors.

6

When should you apply for a CRDO?

You need to complete the Canada Pension Plan Child Rearing Drop-out Provision application at **the same time** you apply for any Canada Pension Plan benefit.

7

What documents do you need to provide?

For a CRDO, you need to provide an original birth or baptismal certificate for your child or children, or a certified true copy. You may also be required to provide proof of the date of entry into Canada for children born outside of Canada.



For more information:

If you need more information about the child rearing drop-out or any other benefits under the Canada Pension Plan (CPP) or Old Age Security (OAS) please contact Human Resources Development Canada by calling, free of charge:

English 1 800 277-9914 French 1 800 277-9915



Only for people with a speech or hearing impairment using a teletype device telephone, call 1 800 255-4786

For faster telephone service, call Tuesday to Friday during the middle weeks of each month. Please have either the number that appears on your OAS or CPP payment or your Social Insurance Number (SIN) ready.

You may also want to ask for one or more of the following booklets:

Retirement Pension – Canada Pension Plan

Disability Benefits – Canada Pension Plan

Survivor Benefits – Canada Pension Plan


Credit Splitting upon divorce or separation – Canada Pension Plan

Your Old Age Security Pension

Your Guaranteed Income Supplement

Your Spouse's Allowance

International Social Security Agreements



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